

# Grupo·epm<sup>®</sup>

## 1Q2016 Report



**ROBECOSAM**  
Sustainability Award  
Silver Class 2016



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# Agenda



- Relevant facts
- El Niño phenomenon
- Energy market
- Main projects
- Financial results
- Subsequent events

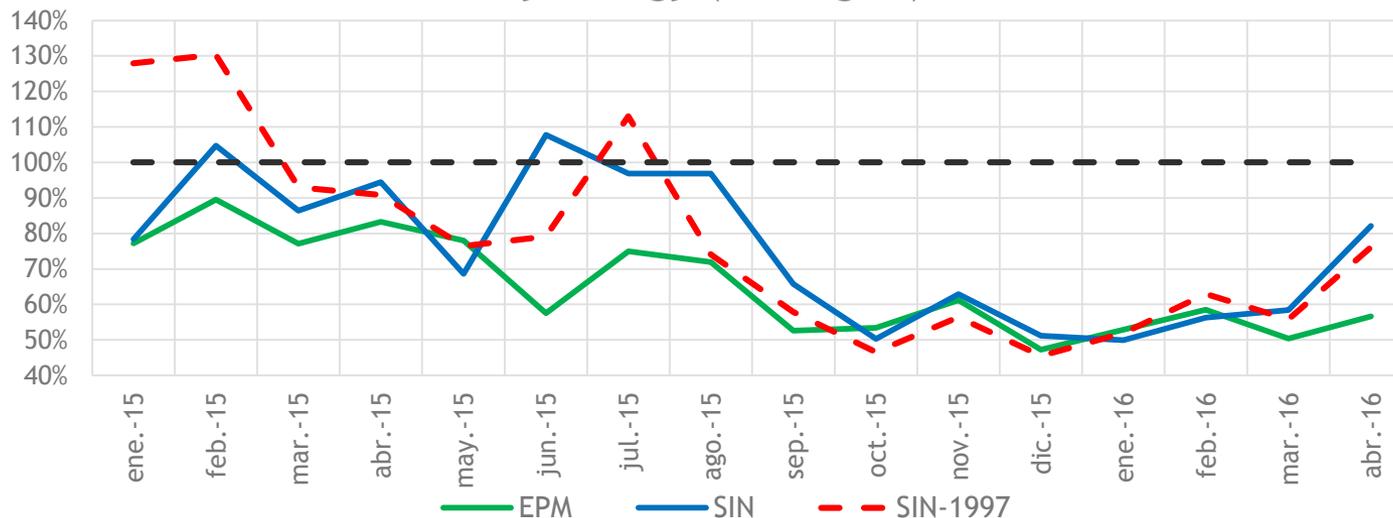
# Relevants facts 1Q2016

- ✓ First Quarter 2016 results are still temporarily affected by the impact of the El Niño phenomenon, and additionally, by the temporary outage of the Guatapé power plant.
- ✓ Water inflows in Colombia have increased and there is evidence of El Niño weakening as well as of normalization of spot energy prices.
- ✓ Regarding the incident that occurred at Guatapé Hydroelectric Plant, EPM is advancing satisfactorily in the technical repair management of the affected assets and in the insurance claim.

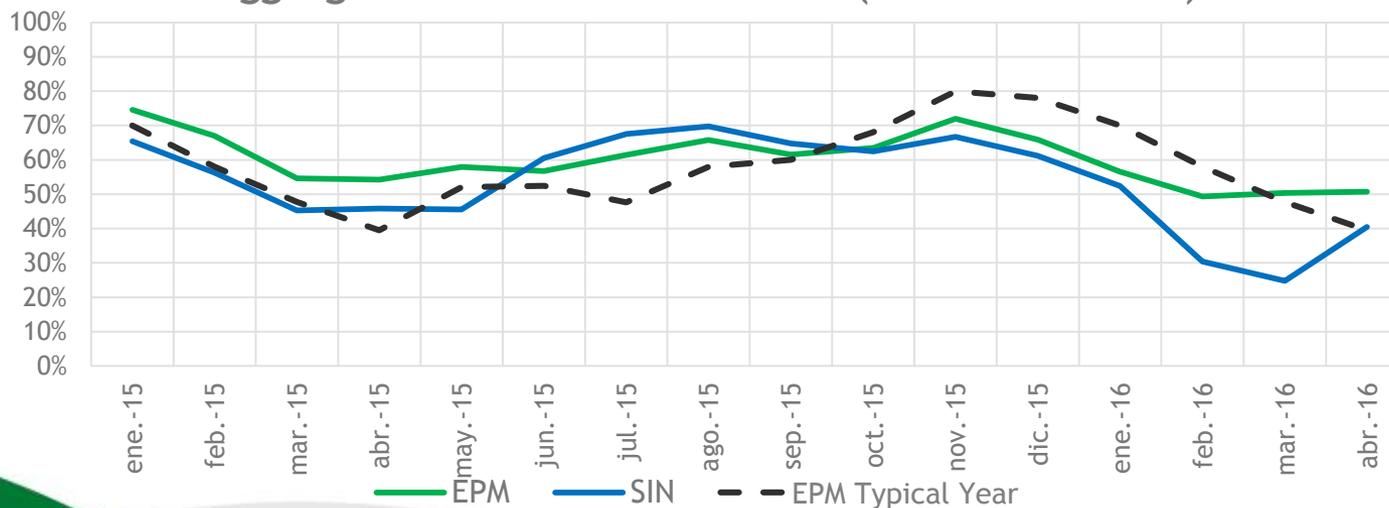
# El Niño Phenomenon

## Hydrology and Reservoirs

### Hydrology (Average%)



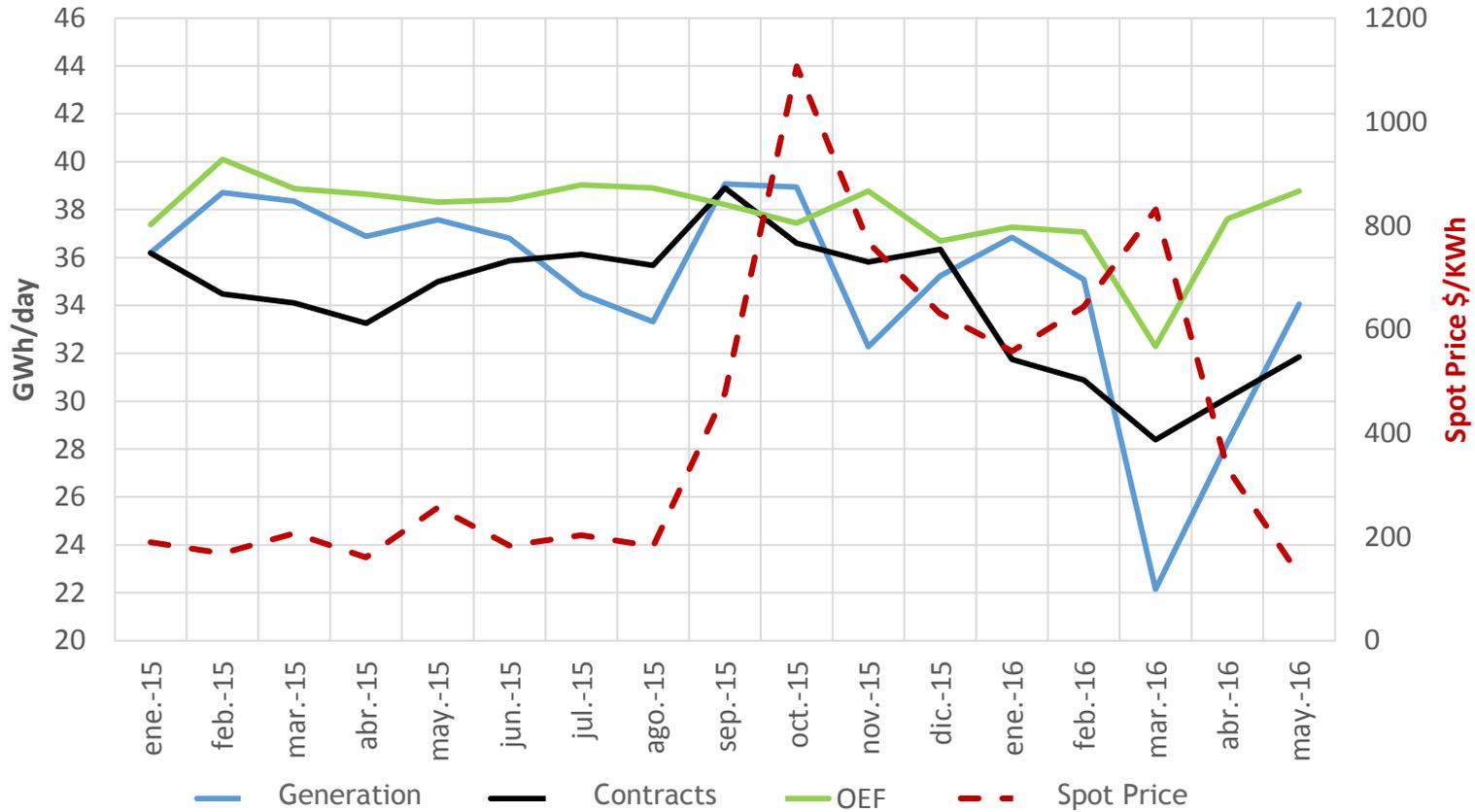
### Aggregated Reservoir Evolution (Useful volume%)



# El Niño Phenomenon

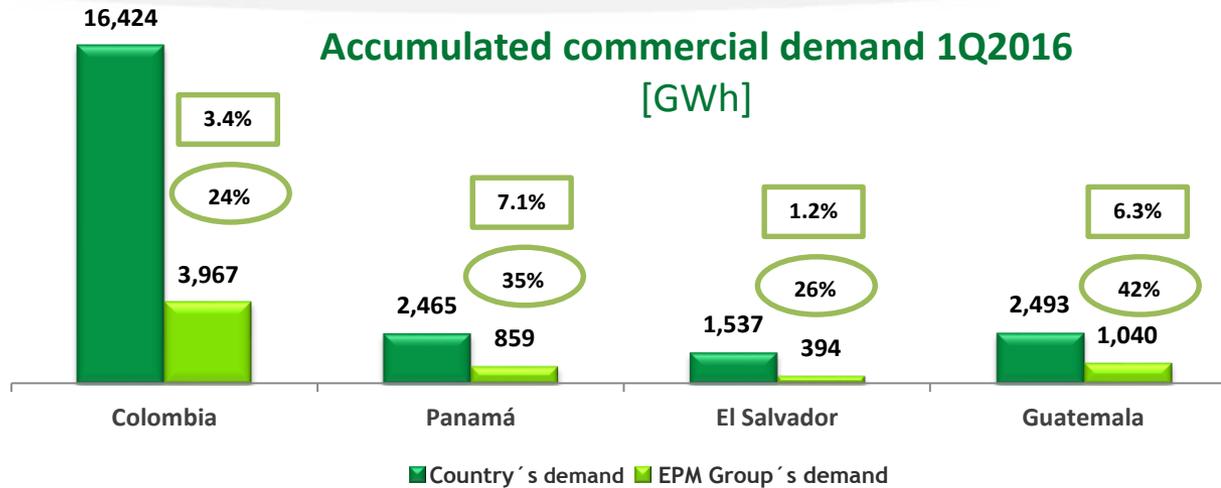
## Evolution of physical variables and Spot Price

### Generation vs Contracts



# Energy Market

## EPM Group Commercial Power Demand

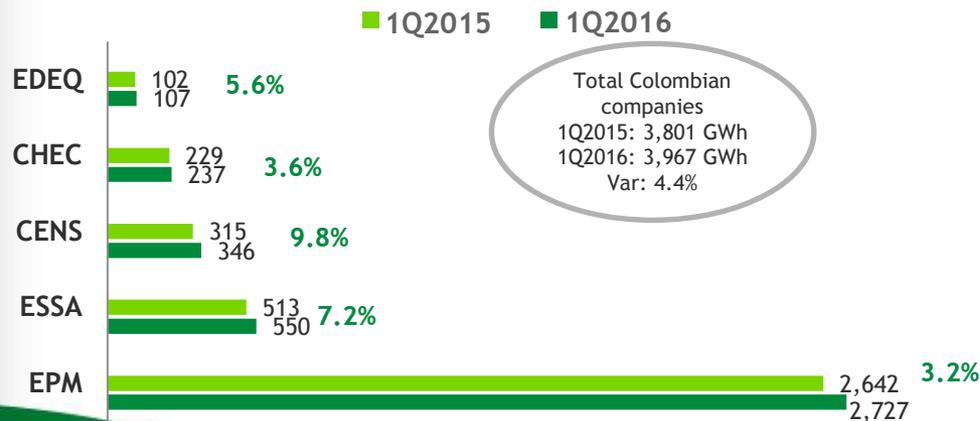


% Country's demand variation 1Q2016 vs 1Q2015

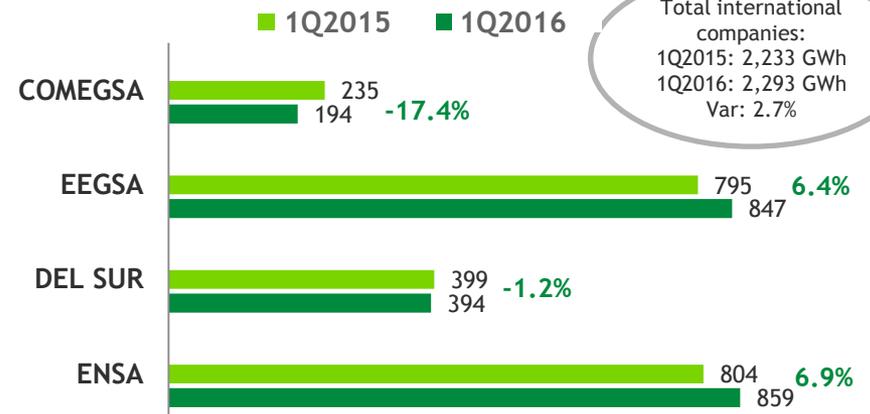
% EPM Group country demand's share.

*Note: We report the commercial demand that depends on customers served directly by each company regardless of the distribution network to which regulated and unregulated users are connected. The country's demand reported does not include energy exports.*

### Colombian Companies GWh



### International Companies GWh

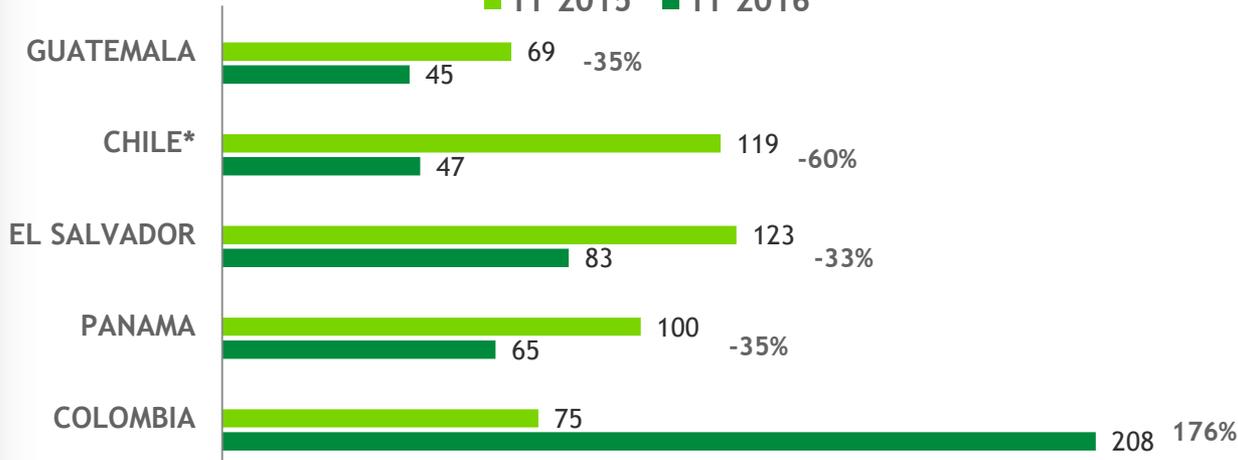


# Energy Market

## Spot Price USD/MWh and EPM Generation (GWh)

### Spot Price USD/MWh

■ 1T 2015 ■ 1T 2016

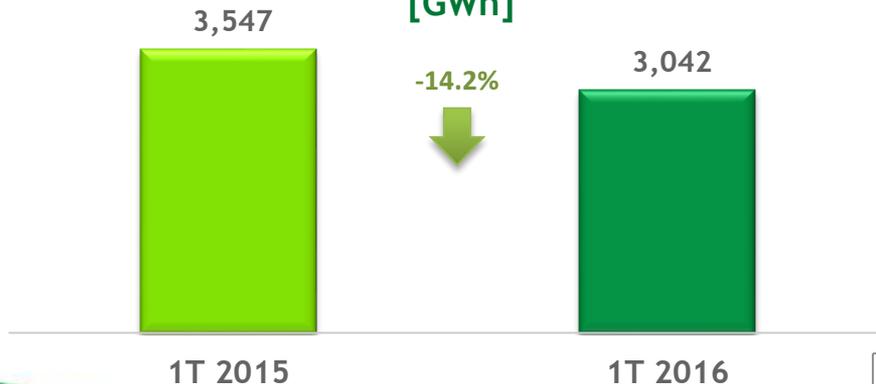


Note: 1Q2016 spot prices declined mainly by the drop in fuel prices and the arrival of new generators. In Colombia the dry spell associated to El Niño has increased the prices.

Average spot prices in the quarter. To convert to USD it was applied the exchange rate of each month.

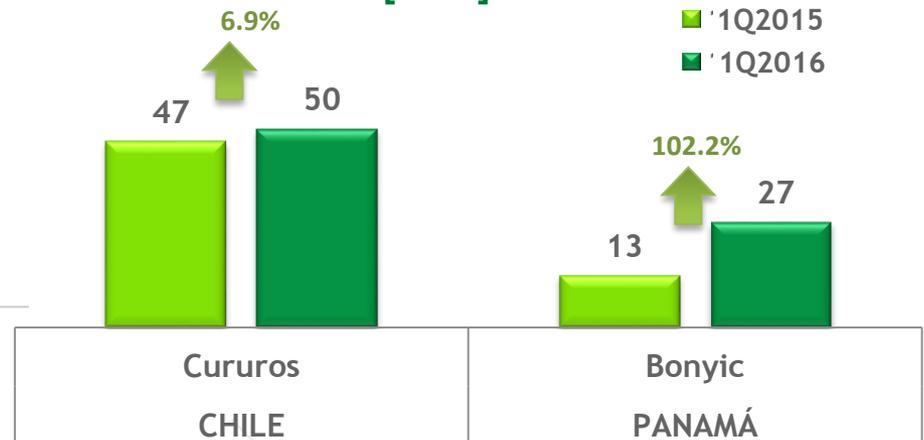
\*\*Price of La Cebada node where EPM's Los Cururos plant is connected.

### EPM Group Colombian actual generation [GWh]



The power generation of Colombian subsidiaries was integrated in 2015 to EPM parent company.

### International subsidiaries' generation [GWh]



# Main Projects

## Ituango Hydroelectric Generation Plant



Total work progress as of April 2016: **50.4%**

✓ Investment (2011- Apr. 2016): **COP 4.5 billion**



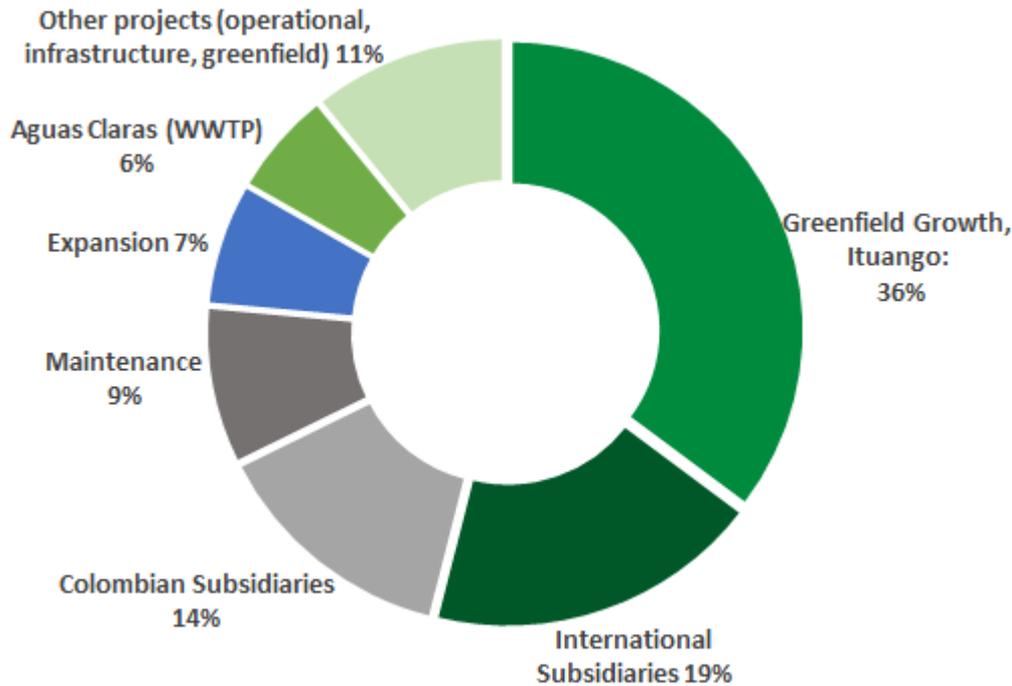
External Civil Works

- ✓ Milestone recently achieved: **50% progress in the main civil works:**
- ✓ The Dam, 225 m high with 20 million m<sup>3</sup> of rock is at **33%**.
- ✓ The Power house, (a 250 m long and 49 m high cavern equivalent to a 16-story building) was **concluded at the Northern area**, where the first four turbines will be located, and **the Southern area is at 90%** completion.
- ✓ The Spillway, (a channel to control river floods of more than 25,000 m<sup>3</sup> of water and whose construction means excavating 13.5 million m<sup>3</sup> of rock) is at **73%** of construction.

- Installed capacity: **2.400MW**/8.563 GWh/year
- Ituango will represent **17.9%** of the total installed capacity of the country.

# Infrastructure Investment Plan 2016 - 2019

EPM investments for 2016 - 2019 period  
total COP 11,840,815 million



# Financial Results 1Q2016

## Macroeconomic Scenario



**CPI:** Consumer Price Index

**PPI:** Producer Price Index

**WPI:** Wholesale Price Index (Panama and El Salvador)

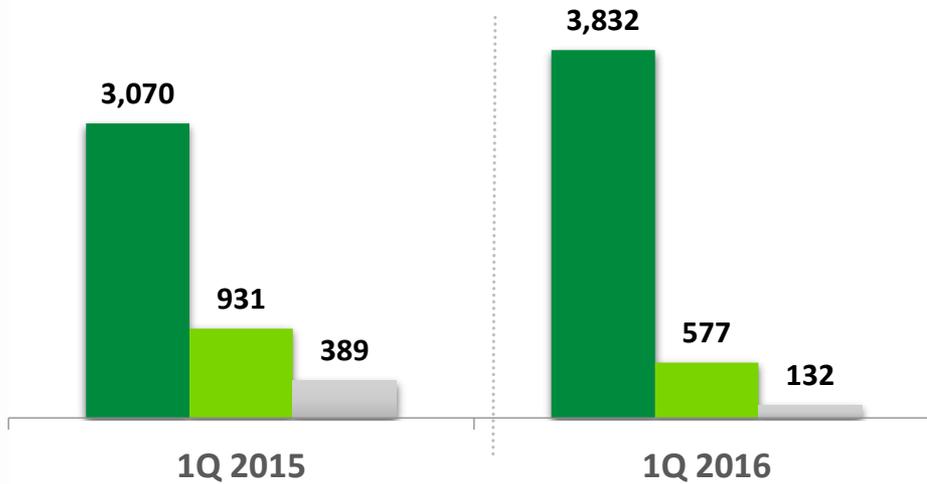
Concept	Colombia	Panama	Salvador	Guatemala	Mexico	Chile
CPI	3,55%	0,50%	-0,26%	1,33%	0,97%	1,13%
CPI (accumulated 12 months: mar15-mar16)	7,97%	0,57%	1,12%	4,26%	2,60%	4,45%
PPI/WPI	1,51%	N.A.	-1,36% Feb	N.A.	1,86%	0,41% Feb
PPI (accumulated 12 months: mar15-mar16)	8,56%	N.A.	-2,24%	N.A.	4,03%	-5,75%
Exchange rate	3,022.4	N.A.	N.A.	7,71	17,24	675,1
Devaluation (Revaluation)	-4,04%	N.A.	N.A.	1,06%	-0,08%	-4,56%

# Financial Results 1Q2016

## EPM Group Income Statement

Figures in COP thousand million

■ Revenues ■ EBITDA ■ Comprehensive income



Variation in COP 1Q2015 – 1Q2016

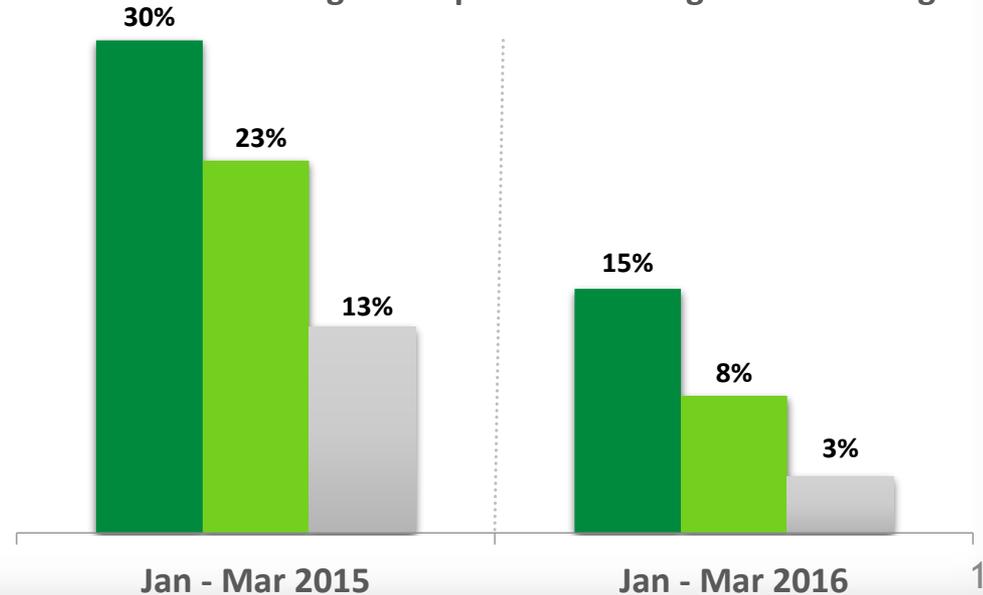
■ Revenues: 25%

■ EBITDA: - 38%

■ Comprehensive income: - 66%

Note: without including the Guatapé insurance claim payment.

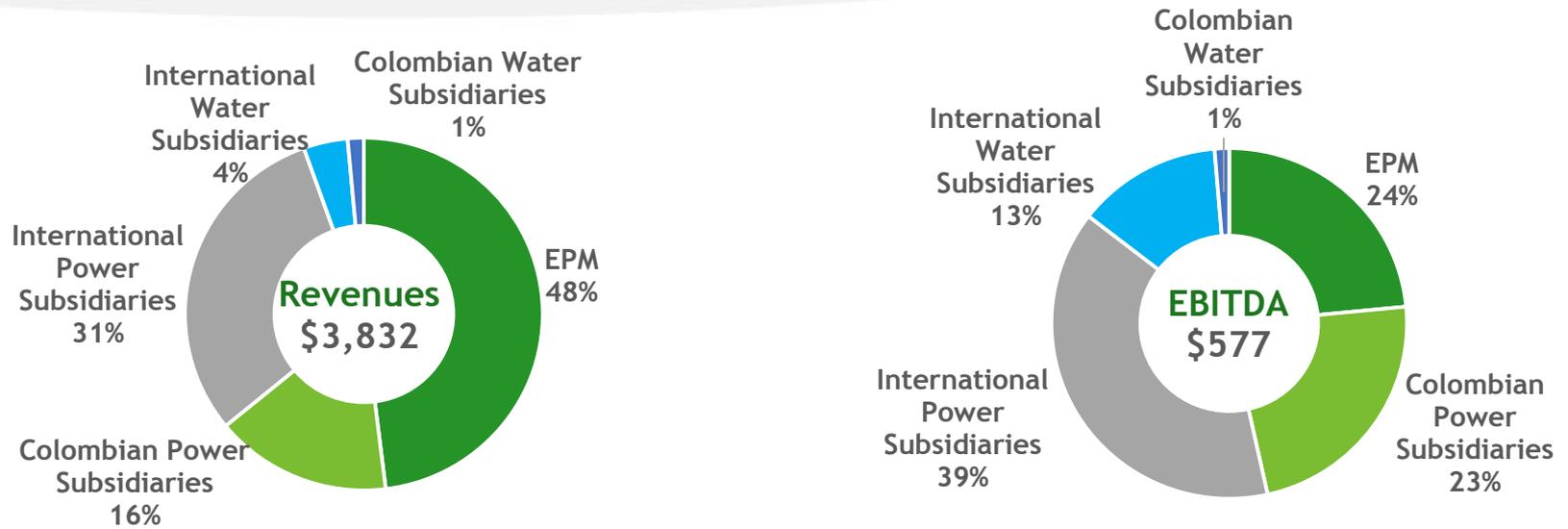
■ EBITDA margin ■ Operational margin ■ Net Margin



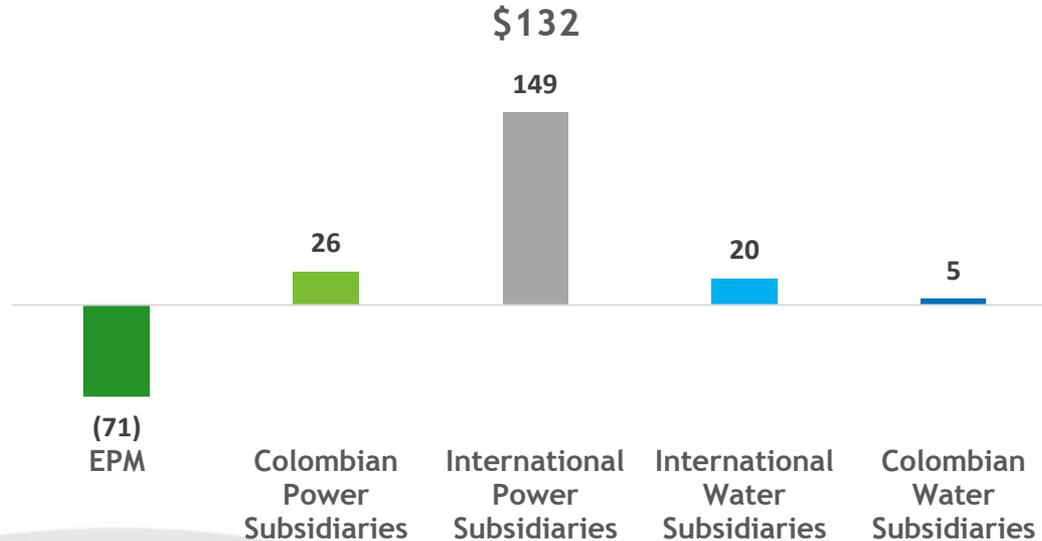
# Financial Results 1Q2016

## By Colombian and International Subsidiaries

Figures in COP thousand million



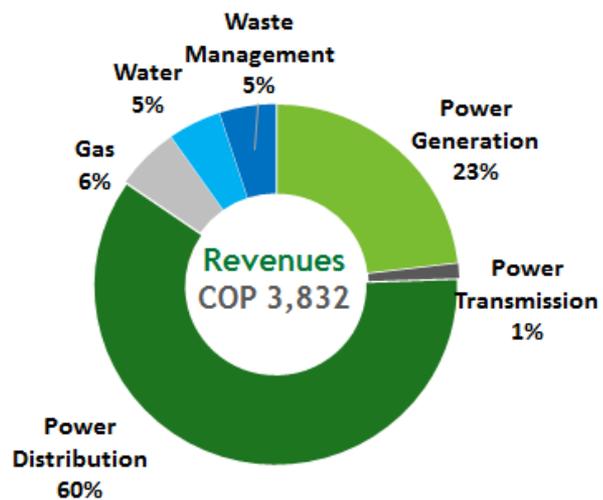
### Comprehensive Income



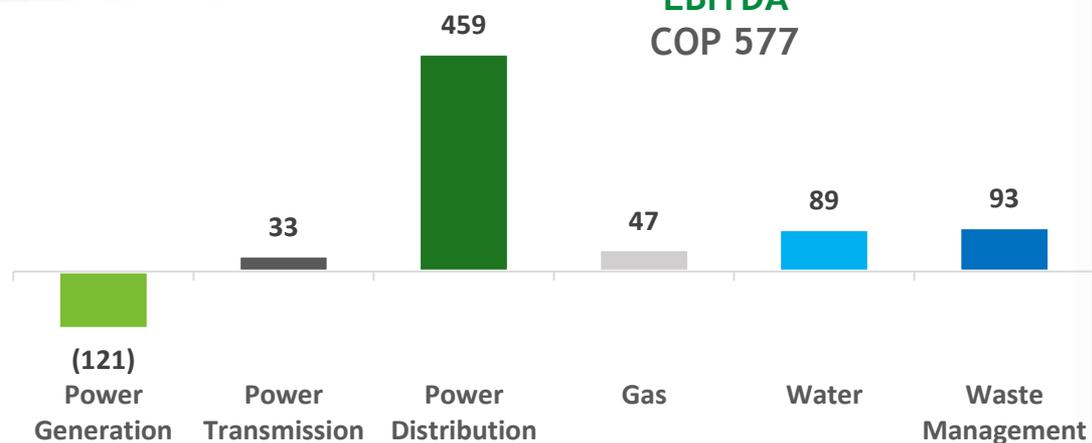
# Financial Results 1Q2016

## By Segments

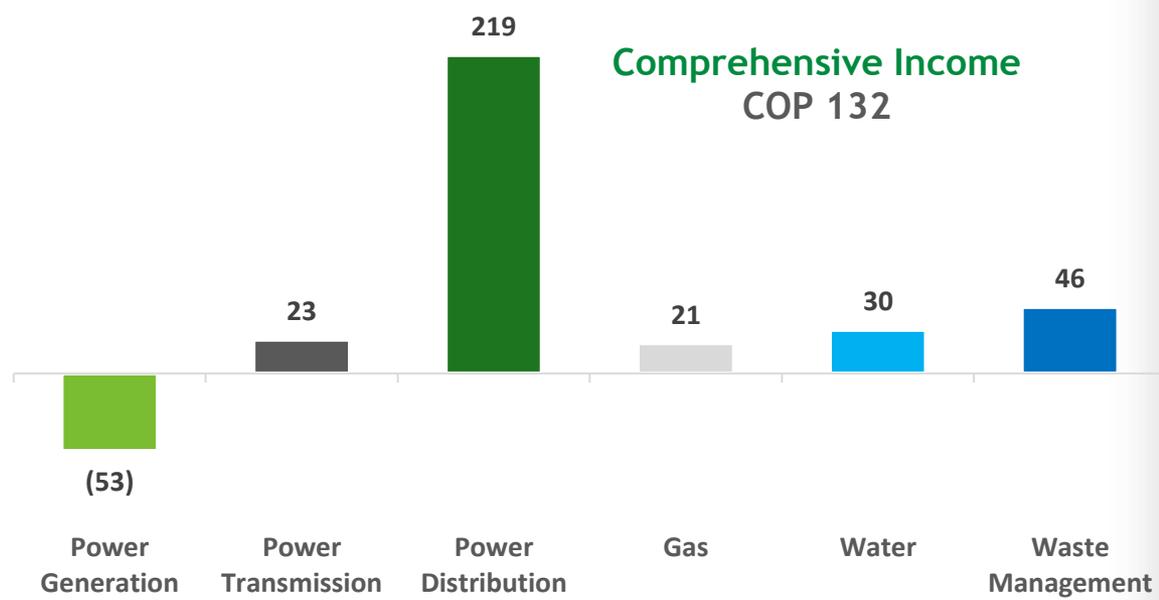
Figures in COP thousand million



**EBITDA**  
COP 577



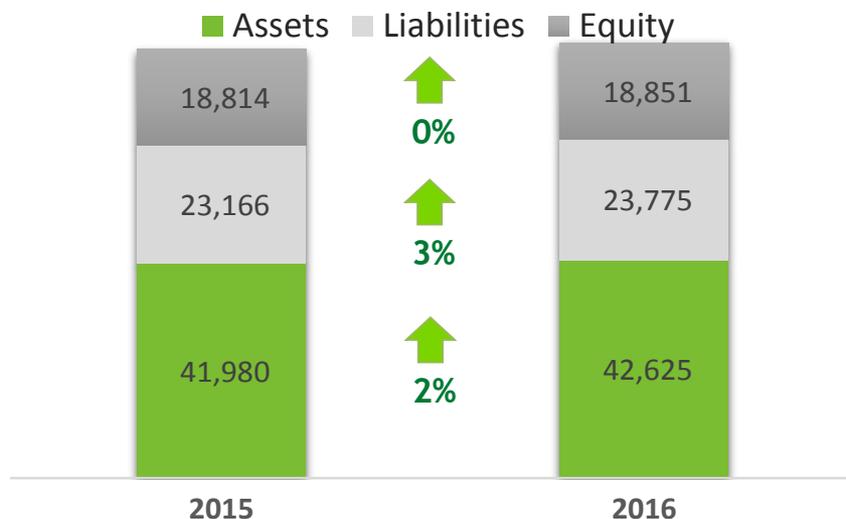
**Comprehensive Income**  
COP 132



# Financial Results 1Q2016

## Statement of Financial Position

Figures in COP thousand million



Ratios	2015	2016
Total debt	52%	56%
Financial debt	32%	37%
EBITDA/financial expenses	6.18	3.20
Debt/EBITDA	3.23	4.29

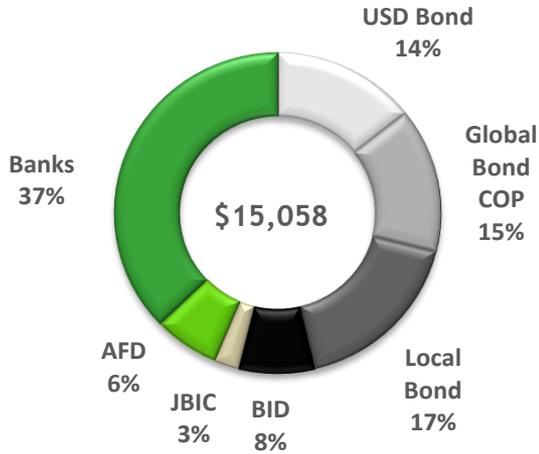
- Between December 2015 and March 2016, the Debt/EBITDA covenant went from 3.76 to 4.29, as a result of: 1) Lower EBITDA, 2) More energy purchases in the spot market, 3) Increased power generation at La Sierra. The combined effect of such factors produced lower COP 292 thousand million EBITDA. 4) Finally, debt increased with respect to December due to the USD 200 million disbursement of the Club Deal in January.
- 1Q2016 waiver for the Debt/Ebitda covenant in process with JBIC, outstanding debt for US 145 million.
- EPM expects to return to Debt/EBITDA ratio under 3.5 times in 2017.

# Financial Results 1Q2016

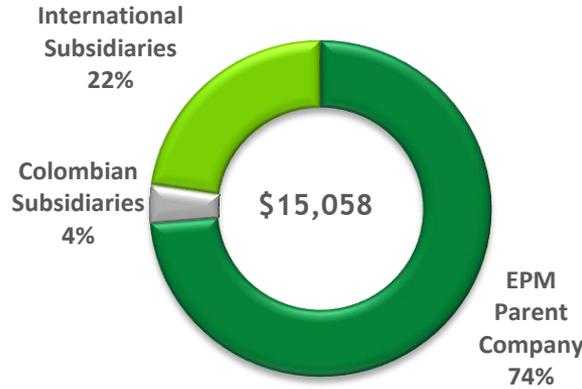
## Debt Profile

Figures in COP thousand million

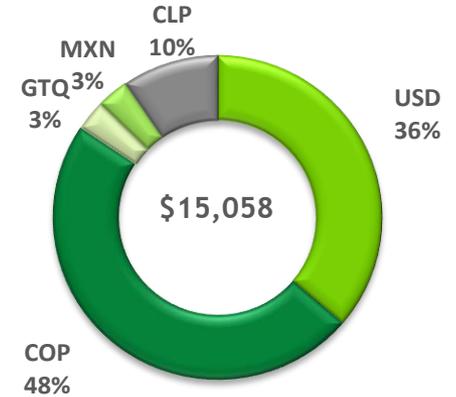
### Source



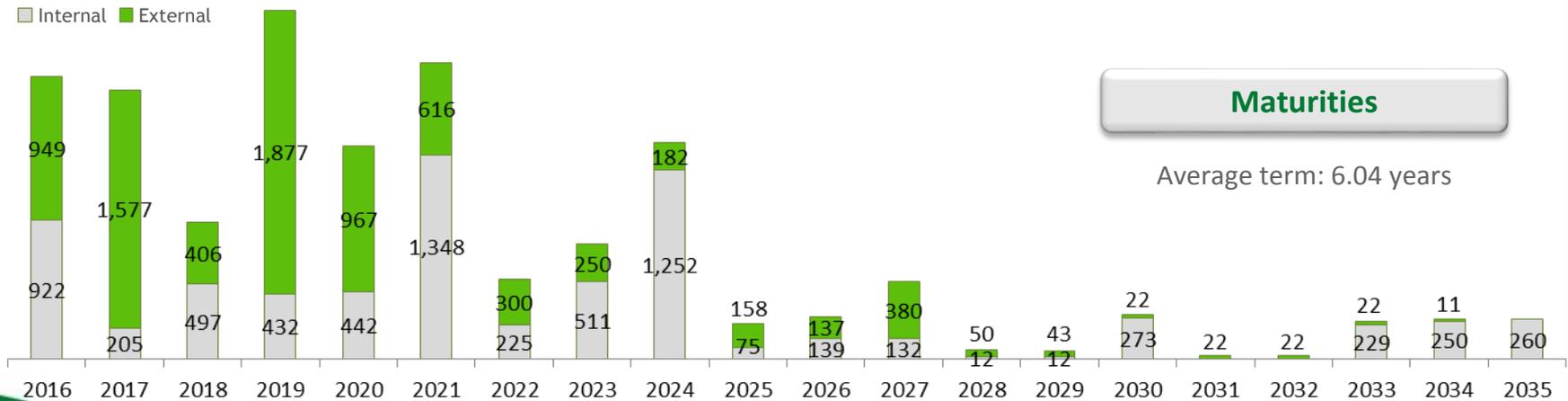
### Companies



### Currency



Internal External



### Maturities

Average term: 6.04 years

# Relevant facts subsequent to the quarter

- ✓ On April 18th, Moody's, after analyzing the situation of the company given the temporary events that the country and the company have been going through, reaffirmed the investment grade rating **Baa3** to the international bond issues and to the corporate debt of EPM, and kept the positive outlook allocated since 2014.
- ✓ EPM and BNDES signed a credit agreement for **USD 111.4 million**, for the financing of turbines and generators of the Ituango hydroelectric project, which were acquired from ALSTOM. The credit was granted with a term of 23.5 years and with a period of disbursement until the completion of the project.
- ✓ On April 25th, before the estimated date, EPM put into operation **25% of Guatapé hydroelectric Plant** with two of the eight units that the Plant has in total. And on May 5th, again ahead of schedule, other two power generating units went into operation, with which the plant already operates at **50% of its capacity**.

# Gracias

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[investorelations@epm.com.co](mailto:investorelations@epm.com.co)

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